

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2014**

	----- Individual Quarter ----		----- Cumulative Quarter -----	
	Current year Quarter 30 Sep 2014 RM'000	Preceding year corresponding quarter 30 Sep 2013 RM'000	(Unaudited) Current year to date 30 Sep 2014 RM'000	(Audited) Preceding year corresponding period 30 Sep 2013 RM'000
Revenue	1,518	711	2,381	1,158
Cost of Sales	(1,463)	(1,111)	(3,365)	(3,246)
Gross Profit/(Loss)	55	(400)	(984)	(2,088)
Other operating income	24	59	41	218
Administrative expenses	(1,108)	(1,607)	(4,243)	(5,072)
Selling and distribution expenses	(251)	(243)	(1,562)	(623)
Other expenses - Impairment of Property, Plant and Equipment	-	(9,562)	-	(9,563)
Operating Profit/(Loss)	(1,280)	(11,753)	(6,748)	(17,128)
Finance cost	-	-	-	-
Share of Result of A Jointly Controlled Entity	-	-	(7)	(7)
Profit/ (Loss) Before Taxation	(1,280)	(11,753)	(6,755)	(17,135)
Taxation	^	-	^	-
Net Profit / (Loss) After Taxation	(1,280)	(11,753)	(6,755)	(17,135)
Other comprehensive income/(loss), net of tax - Foreign currency translation on foreign entity	(26)	(47)	(8)	(41)
Total comprehensive income / (loss)	(1,306)	(11,800)	(6,763)	(17,176)
Net profit/(loss) attributable to :				
- Owners of the Company	(1,276)	(11,733)	(6,734)	(17,110)
- Non-controlling interests	(4)	(20)	(21)	(25)
Net Profit/(Loss)	(1,280)	(11,753)	(6,755)	(17,135)
Total comprehensive income/(loss) attributable to :				
- Owners of the Company	(1,302)	(11,780)	(6,742)	(17,151)
- Non-controlling interests	(4)	(20)	(21)	(25)
Total comprehensive income/ (loss)	(1,306)	(11,800)	(6,763)	(17,176)
Weighted average no. of ordinary shares in issue ('000)	272,367	227,000	272,367	227,000
Basic earnings/ (loss) per ordinary share (sen):				
Basic earnings/ (loss) per share (sen)	(0.47)	(5.17)	(2.48)	(7.54)
Diluted earnings/ (loss) per share (sen)	(0.47)	(5.17)	(2.48)	(7.54)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2014 (CONT)**

Notes:

^ Less than RM1,000

- (i) Basic earnings/ (loss) per share for the quarter and financial period is calculated based on the net profit / (loss) divided by the weighted average number of ordinary shares for the quarter and year-to-date respectively.
- (ii) The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended (“**FYE**”) 30 September 2013 and the accompanying notes attached to this interim financial report.
- (iii) The loss before taxation is arrived at after charging/ (crediting) the following items:-

	Current year quarter 30 Sep 2014 RM'000	Current year to date 30 Sep 2014 RM'000
(a) Interest income	(15)	(31)
(b) Other income including investment income	-	-
(c) Interest expenses	-	-
(d) Depreciation and amortisation	479	2,035
(e) Provision for and write off of receivables	-	-
(f) Provision for and write off of inventories	-	-
(g) Gain/(loss) on disposal of quoted or unquoted investment or properties	-	(31)
(h) Impairment of assets	-	-
(i) Foreign exchange (gain)/ loss	-	1
(j) (Gain)/loss on derivatives	-	-
(k) Exceptional items	-	-

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014**

	(Unaudited) As at 30 September 2014 RM'000	(Audited) As at 30 September 2013 RM'000	(Audited) As at 1 October 2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11,115	13,210	21,091
Investment in a jointly controlled entity	4,988	4,995	5,002
Investment in Securities	82	81	-
Intangible Assets	1,716	2,174	6,088
	<u>17,901</u>	<u>20,460</u>	<u>32,181</u>
Current assets			
Inventories	354	428	239
Trade Receivables	1,741	809	206
Other receivables, deposits and prepayment	270	157	269
Tax recoverable	2	1	^
Fixed deposits placed with licensed banks	1,516	2,020	8,042
Cash and bank balances	1,314	928	679
	<u>5,197</u>	<u>4,343</u>	<u>9,435</u>
Total Assets	<u>23,098</u>	<u>24,803</u>	<u>41,616</u>
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Company			
Share capital	27,237	22,700	22,700
Retained profits / (Accumulated losses)	(16,567)	(9,833)	7,276
Reserves	11,078	11,262	11,304
Shareholders' funds	21,748	24,129	41,280
Non-controlling interests	(69)	(48)	(23)
Total Equity	<u>21,679</u>	<u>24,081</u>	<u>41,257</u>
Current liabilities			
Trade Payables	180	195	40
Other payables and accruals	1,239	527	319
Total liabilities	<u>1,419</u>	<u>722</u>	<u>359</u>
Total equity and liabilities	<u>23,098</u>	<u>24,803</u>	<u>41,616</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.08	0.11	0.18

Notes:

- ^ Less than RM1,000.
- (i) The net asset per share for the quarter and financial period is calculated based on the net asset as at 30 September 2014 divided by the number of outstanding ordinary shares as at 30 September 2014.
- (ii) The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements of the Group for the FYE 30 September 2013 and the accompanying notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2014**

	Current year to date 30 September 2014 RM'000	(Audited) Preceding year corresponding period 30 September 2013 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Taxation	(6,755)	(17,135)
Adjustments for Non-cash items	2,056	13,118
Operating profit/(loss) before working capital changes	(4,699)	(4,017)
Changes in working capital		
Net change in inventories	74	(184)
Net change in trade and other receivables	(1,045)	(442)
Net change in trade and other payables	697	327
Net cash from operations	(4,973)	(4,316)
Tax paid	(1)	(1)
Net cash flow from operating activities	(4,974)	(4,317)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest Received	31	165
Investment in Securities	-	(81)
Product development costs incurred	(181)	(1,206)
Purchase of plant and equipment	(332)	(296)
Proceed from disposal of Property, plant and equipment	985	3
Net cash flow from investing activities	503	(1,415)
CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	4,361	-
Net cash flow from financing activities	4,361	-
NET CHANGES IN CASH AND CASH EQUIVALENTS	(110)	(5,732)
Effects of Foreign Exchange Translation	(8)	(41)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,948	8,721
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,830	2,948
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	1,516	928
Fixed deposits placed with licensed banks	1,314	2,020
	2,830	2,948

Note:

^ Less than RM1,000

(i) The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements of the Group for the FYE 30 September 2013 and the accompanying notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2014**

	← Attributable to owners of the Company →				Shareholders' Fund RM'000	Non- controlling Interest RM'000	Total equity RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Fluctuation Reserve RM'000	Distributable Retained Profit / (Accumulated Losses) RM'000			
Balance as at 1 October 2013	22,700	11,258	4	(9,833)	24,129	(48)	24,081
Total comprehensive income / (loss)	-	-	(8)	(6,734)	(6,742)	(21)	(6,763)
Issuance of ordinary shares	4,537	(176)	-	-	4,361	-	4,361
Balance as at 30 September 2014	<u>27,237</u>	<u>11,082</u>	<u>(4)</u>	<u>(16,567)</u>	<u>21,748</u>	<u>(69)</u>	<u>21,679</u>
As at preceding year corresponding quarter 30 September 2013							
Balance as at 1 October 2012	22,700	11,258	46	7,276	41,280	(23)	41,257
Total comprehensive income / (loss)	-	-	(42)	(17,109)	(17,151)	(25)	(17,176)
Balance as at 30 September 2013	<u>22,700</u>	<u>11,258</u>	<u>4</u>	<u>(9,833)</u>	<u>24,129</u>	<u>(48)</u>	<u>24,081</u>

Note:

- (i) The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FYE 30 September 2013 and the accompanying notes attached to this interim financial report.

QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report for the Second Quarter Ended 30 September 2014

A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting, Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2013 and the accompanying explanatory notes attached to the interim financial report.

The Group has adopted the Malaysian Financial Reporting Standard (MFRS) framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. The transition from the previous FRSs to the new MFRSs has no impact on the Group financial position, financial performance, cash flows and the notes to the financial statements.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 October 2012. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

A2. Auditors’ Report of preceding annual financial statements

The preceding year’s annual financial statements were not subject to any qualification.

Notwithstanding this, the financial statements of the subsidiaries comprise the following emphasis of matter paragraph in the auditors’ report:-

Smartag International Inc.

“The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in notes of the financial statements, the Company has suffered recurring losses from operations and is dependent upon the continued sale of its securities, obtaining debt financing, or finding a suitable candidate for a business combination for funds to meet its cash requirements. These factors raise substantial doubt on the Company’s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.”

Smartag Technologies Sdn Bhd

“Without qualifying our opinion, we draw attention to Note to the financial statements which disclose the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM17,263 during the financial year ended 30 September 2013, and as at that date, the Company’s current liabilities exceeded its current assets by RM62,237 and recorded a capital deficiency of RM60,822, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as going concern.

A3. Seasonal or cyclical factors

The Group’s operations are not materially affected by seasonal and cyclical factors.

A4. Unusual Items affecting assets, liabilities, equity, net income or cash flows

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

A5. Material changes in estimates

There were no material changes in estimates in the current financial quarter under review and financial year-to-date.

A6. Debts and equity securities

Save for the issuance of 45,367,200 new ordinary shares of RM0.10 each in SMTrack pursuant to the Proposed Private Placement as disclosed in Section B6, there was no issuance or repayment of debt or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current financial quarter under review.

A7. Dividends

There were no dividends paid or declared for the current financial quarter under review.

A8. Segmental Information

The Group has one reportable segment, which is principally engaged in the distribution, research, design and deployment of the radio frequency identification (RFID) tag and operates predominantly in one country, that is, Malaysia. Accordingly, information by operating and geographical segments on the Group's operations as required by MFRS 8 is not presented.

Further information on the Group's revenue is discussed in Section B1.

A9. Valuation of property, plant and equipment

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review.

A10. Capital commitments

There were no material capital commitments in respect of property, plant and equipment as at the current financial quarter under review.

A11. Other commitments

There were no material other commitments as at the current financial quarter under review.

A12. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial quarter.

A13. Contingent assets or liabilities

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at reporting date.

A14. Material events subsequent to the end of the quarter

There are no material events subsequent to the end of the reporting quarter that have not been reflected in the financial quarter under review.

B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of the performance of the Group

For the current financial year ended (“FYE”) 30 September 2014, the Group recorded revenue of RM2.381 million, which represents an increase of RM1.223 million as compared to the revenue of RM1.158 million registered in the preceding year. The revenue of RM2.381 million for the current financial year was mainly contributed by sales of RFID solutions, software solutions and related equipment which amounted to RM1.718 million, traceability sales from subsidiary Smartag International Inc, US and LEYS International Ltd, HK of RM0.288 million, recurring revenue stream of RM0.170 million from Secured Trade Project, and RM0.205 million from digital wallet sales.

The Group recorded a lower loss before taxation of RM6.664 million for FYE 30 September 2014 as compared to a loss before taxation of RM17.135 million registered in the preceding financial year. The higher loss in preceding financial year mainly due to impairment of property, plant and equipment and software assets amounting to RM9.563 million recorded in preceding financial year.

For the current quarter ended 30 September 2014, the Group recorded a revenue of RM1.518 million and loss before taxation of RM1.280 million as compared to a revenue and loss before taxation of RM0.711 million and RM11.753 million respectively for the preceding year corresponding quarter. The revenue for the current quarter was mainly contributed by RFID and software solutions sales of RM1.229 million, recurring revenue stream of RM0.044 million from Secured Trade Project, RM0.104 million digital wallet sale and sales contributed by Subsidiaries in US and HK of RM0.141 million.

B2. Comparison to the Results of the Preceding Quarter

	Current Quarter	Preceding Quarter
	30/9/14	30/6/14
	RM'000	RM'000
Revenue	1,518	176
Profit / (Loss) before tax	(1,280)	(2,106)

Revenue of the Group increased to RM1.518 million for the current quarter ended 30 September 2014 as compared to RM0.176 million registered in the preceding quarter ended 30 June 2014 mainly contributed by RFID Community Project. The Group’s loss before taxation for the current quarter ended 30 September 2014 of RM1.280 million decreased by 39.2% compared to preceding quarter ended 30 June 2014 loss before taxation of RM2.106 million attributable to gross profit increased by RM0.410 as a result of higher sales, decreased in marketing and selling expenses of RM0.141 million, staff salary decreased by RM0.40 million due to higher capitalization of development cost, and decrease in professional fee by RM0.086 million, and decreased of expenses incurred by subsidiaries of RM0.033 million.

B3. Prospects

With respect to the secured trade facilitation project the Company has written to the Economic Council of Malaysia on 23 September 2014 with a new proposal towards engaging the issue of tracking containers using our system to replace the old existing contract which has expired on 31 August 2014. Despite the initial response by the Royal Malaysian Customs that the old contractual terms is not to be considered, the Company has nevertheless written to the Economic Council for a new contract under a new commercial arrangement to resolve the matter.

The Group has commenced food traceability for bird nest to China and premium consumable beverage in the United States of America, the prospect of food traceability is growing after SMTrack demonstrated its capabilities and in the near future is looking at palm acid oils traceability to China.

B4. Profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee for the current financial quarter under review or in any public documents.

B5. Taxation

	Current Quarter Ended 30/09/14 RM'000	Current Year Ended 30/09/14 RM'000
Current tax expense	-	-

There is no tax expense for the current quarter and current year to date due to majority of business income are exempted under Pioneer Status, and there is no taxable profit for the financial period. The company was accorded the MSC (Multimedia Super Corridor) status and was granted Pioneer Status on 11th July 2007 which exempts 100% of its eligible statutory business income for a period of five (5) years, which has been extended for a further period of five (5) years.

B6. Status of Corporate Proposal

There were no corporate proposals announced but not completed as at the date of this announcement.

B7. Status of utilisation of proceeds

The status of utilisation of the gross proceeds of RM4.540 million raised from the Proposed Private Placement as at 30 September 2014 are as follows:-

Purposes	Proposed Amount as Disclosed in the Circular to Shareholders dated 4 April 2014 (RM'000)	Amount Utilized as at 30.09.2014 (RM'000)	Amount Unutilized as at 30.09.2014 (RM'000)	Timeframe for Utilisation of Proceeds from Date of Listing
Development of food traceability platform	2,800	326	2,474	Within 12 months
RFID Community projects	900	748	152	Within 6 months
Marketing Expenses	640	460	180	Within 12 months
Estimated expenses in relation to Private Placement	200	176*	24	Within 1 month
Total	4,540	1,710	2,830	

Notes:

* In view that the actual listing expenses were lower than estimated, the excess will be utilised for marketing purposes.

B8. Group borrowings and debt securities

The Group does not have any borrowings and debt securities in the current financial quarter under review and financial year-to-date.

In terms of inter-Group borrowings, on 17 March 2009, the Company entered into a Revolving Promissory Note (the "Secured Note") with Smartag International Inc. Under the terms of the Secured Note, the Company agreed to advance to Smartag International Inc. from time to time amounts up to an aggregate of USD200,000. The Secured Note is renewable from year to year and all advances are interest free and shall be paid on or before 30th September. The purpose of the Secured Note is to enable Smartag International Inc. to settle any statutory and administrative expenses such as audit fees, filing expenses, secretarial expenses and corporate exercise fees as and when incurred.

On 16 May 2014, SMTrack advances to Smartag International Inc had increased to USD300,000, the advances are interest free and shall be paid on or before 30 September 2015.

B9. Off balance sheet financial instruments

As at the reporting date, the Group does not have any off balance sheet financial instruments.

B10. Material Litigations

Claim against both the defendants being G.T. & T. Engineering (M) Sdn Bhd (“GTT (M)”) and G.T.&T. Engineering Pte Ltd (“GTT(S)”)

On 14 April 2009 and 17 March 2010, the Company had claimed from GTT (M) and GTT(S) respectively through the Johor Bahru High Court an amount of RM850,000.00 for the supply of 30,000 units of inferior RFID tags to Johor Port Berhad.

GTT(M) had on 13 May 2009 filed a claim against the Company for an amount of RM108,762.32 under the Johor Bahru Sessions Court (formerly in Shah Alam Sessions Court) in respect of damages for replacement of the abovementioned inferior RFID tags (referred to as the “JB Sessions Court Summons”). On 8 March 2011, the Company’s solicitors had filed its statement of defense and counterclaim, being the claim of RM850,000.00 for the supply of 30,000 units of inferior RFID tags to Johor Port Berhad.

The Company’s solicitors then filed an application to transfer all three (3) suit, being the GTT (S) suit, GTT (M) suit and the JB Sessions Court Summons to the Penang High Court and thereafter an Order In Terms (“OIT”) was granted to the said applications on 16 November 2011.

On 27 January 2012, the two (2) suit being the GTT (S) and GTT (M) were transferred from Johor Bahru High Court to Penang High Court and subsequently were consolidated on 24 July 2012. The JB Sessions Court Summons was transferred from Johor Bahru Sessions Court to Georgetown Sessions Court (“Georgetown Sessions Court Summons”) on 1 February 2012 and the plaintiff’s solicitors then filed an application to transfer the Georgetown Sessions Court Summons to Penang High Court which to be heard together with the cases of GTT (S) and GTT (M). On 28 August 2012, an OIT was granted to the said application.

On 30 October 2012, an appointment/meeting for an amicable settlement was held between the Company, Johor Port Berhad, GTT (S) and GTT (M) together with their solicitors. This amicable settlement is currently at the stage of negotiation between the parties and targeted to be resolved prior to the Full Trial date.

On 12 November 2013, the Penang High Court has fixed the aforesaid suit for Full Trial to be held on 5th, 6th and 7th of May 2014 in the Penang High Court, on 5 May 2014, the Full Trial have been taken off and postponed to 11 and 12 August 2014.

On 11 August 2014, the Judicial Commissioner transferred the matter to the Session Court on the basis that the amount claimed is within the jurisdiction of the Session Court. Pending extraction of High Court, this matter will be registered with the Session Court for the Trial to proceed.

On 24 November 2014, the Session Court has fixed this matter for case management on 17 December 2014.

B11. Dividends

The Board of Directors does not recommend any dividends for the current financial quarter under review.

B12. Earnings / (loss) per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/9/14	Preceding Corresponding Quarter Ended 30/9/13	Current Year To date ended 30/9/14	Preceding Corresponding Year To date ended 30/9/13
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	(1,280)	(11,753)	(6,755)	(17,135)
Weighted average number of ordinary shares in issue ('000)	272,367	227,000	272,367	227,000
Basic earnings / (loss) per share (sen)	(0.47)	(5.17)	(2.48)	(7.54)

Diluted earnings per share is not disclosed herein as it is not applicable to the Group.

B13. Disclosure of realised and unrealised profit / losses

	As at 30/9/14 RM'000	(Audited) As at 30/9/13 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	(21,565)	(14,778)
- Unrealised	6	53
	(21,559)	(14,725)
Total share of retained profits of a jointly controlled entity		
- Realised	(26)	(19)
- Unrealised	-	-
	(21,585)	(14,744)
Add: Consolidation adjustments	5,018	4,911
Total retained profits / (Accumulated losses)	(16,567)	(9,833)

B14. Authorisation for issue

The interim financial statement were authorised for issue by the Board of Directors in accordance with a resolution of the directors.

SMTRACK BERHAD
28 November 2014
BY ORDER OF THE BOARD
Chang Junn
Chief Financial Officer